

Amendments to Senate Bill No. 211
1st Reading Copy

SENATE TAXATION

EXHIBIT NO. 6

DATE 1.28.09

BILL NO. SB211

Requested by Senator David Wanzenried

For the Senate Taxation Committee

Prepared by Lee Heiman
January 23, 2009 (3:52pm)

1. Title, line 8.

Strike: "APPLYING SPECIAL RULES TO CAPTIVE INSURANCE COMPANIES;"

2. Title, line 12.

Strike: "AMENDING SECTION 33-2-705, MCA;"

3. Page 2, line 1 through line 2.

Strike: "80%" on line 1 through "corporation." on line 2

Insert: "the total amount of qualified dividends allowed as a deduction for federal income tax purposes"

4. Page 3, line 17 through line 25.

Strike: subsection (11) in its entirety

Renumber: subsequent subsections

5. Page 4, line 21 through page 5, line 26.

Strike: section 3 in its entirety

Renumber: subsequent sections

6. Page 6, line 18 through line 20.

Strike: subsection (v) in its entirety

7. Page 6, line 24.

Strike: "5"

Insert: "4"

8. Page 9, line 2.

Strike: "4(2)"

Insert: "3(2)"

9. Page 10, line 26 through line 27.

Following: "0.10"

Strike: "or, if" on line 26 through "0.40" on line 27 in their entirety

10. Page 11, following line 30.

Insert: " (7) The provisions of this section do not apply to an insurer involved in a proceeding under the Insurers Supervision, Rehabilitation, and Liquidation Act, Title 33, chapter 2, part 13, or any similar proceeding brought by any

other state insurance commissioner.

Insert: "NEW SECTION. Section 6. Legitimate business purpose.

(1) If a taxpayer's ratio of the 5-year average net written premiums for all insurance companies in a commonly controlled group to the 5-year average total income for all insurance companies in the commonly controlled group for the tax year is greater than or equal to 60%, as determined under [section 2], then the provisions of [sections 2 through 5] do not apply.

(2) If a taxpayer's ratio of the 5-year average net written premiums for all insurance companies in a commonly controlled group to the 5-year average total income for all insurance companies in the commonly controlled group for the tax year is less than 60%, as determined under [section 2], and upon an adequate showing by a taxpayer that a transaction referred to in [sections 2 through 5] was entered into with a legitimate business purpose, the department may grant relief from the application of [this act]."

Renumber: subsequent sections

11. Page 12, line 2 through page 12, line 22.

Following: "authority." on line 2

Strike: "To implement" on line 2 through "state." on line 22

Insert: "The department may adopt rules that are necessary to implement and administer the provisions of [sections 1 through 6]."

12. Page 12, line 24 through page 14, line 4.

Strike: section 8 in its entirety

Renumber: subsequent sections

- END -